GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4942
ANSWERED ON:16.12.2016
Guarantee Scheme
Suman Shri Balka

Will the Minister of FINANCE be pleased to state:

(a) whether RBI has revived the Guarantee Scheme where Banks can deposit directly with RBI in view of the problem of mounting deposits after demonetization;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): Reserve Bank of India (RBI) has informed that to resolve the problem of massive accumulation of Specified Bank Notes (SBNs) at branches of banks and currency chests which puts a strain on processing capacities and storage facilities and slows down the deposit of accumulated SBNs into chests, the Guarantee Scheme has been revived in terms of RBI circular dated November 24, 2016. As per the Scheme:

â€¢ Banks may deposit SBNs directly with the offices of RBI under whose jurisdiction they are located. These SBNs will remain, in the vaults of RBI, under the lock and key of the depositing banks till taken up for examination.
â€¢ For the SBNs deposited by banks, RBI will afford credit to their current accounts maintained with RBI. Thereafter, if any shortage, counterfeit note, mutilated note, etc. is detected during detailed processing at RBI, the value of the same will be recovered from the bank concerned.
â€¢ This facility will be extended to all banks and be available at all our Issue Offices.
â€¢ To avail the facility banks need to enter into an agreement with Regional Offices of RBI concerned.

A similar Scheme has been introduced for depositing SBNs with designated currency chest at the district level vide RBI circular dated November 27, 2016.

The above Schemes, can be availed by Banks, preferably those not having any currency chest and Post Offices, if they are maintaining current account with RBI or the chest branch managing Chest Guarantee Vault at district level. Further with a view to expand the ambit of the scheme, it has been decided (RBI Circular dated November 28, 2016) that banks operating currency chests may be allowed to operate Chest Guarantee Scheme for Specified banknotes (CGSS) if they have additional space in their existing currency chest or additional storage space at the same centre which is nearly as safe and secure as that of a currency chest.

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